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## **PW MEDTECH GROUP LIMITED**

**普华和顺集团公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1358)**

### **POSSIBLE MAJOR TRANSACTION AND DEEMED DISPOSAL IN RELATION TO PROPOSED SPIN-OFF OF SICHUAN RUIJIAN MEDICAL**

**Independent Financial Adviser to the Independent Board Committee and the Shareholders**

**ALTUS CAPITAL LIMITED**

#### **THE PROPOSED SPIN-OFF**

References are made to the Announcements in relation to the Proposed Spin-off of Sichuan Ruijian Medical. As disclosed in the Announcements, the Company has submitted an application in relation to the Proposed Spin-off to the Stock Exchange for approval pursuant to PN15, and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off under PN15. Further, the Company has also applied for, and the Stock Exchange has granted, a waiver from compliance with the assured entitlement requirement under Paragraph 3(f) of PN15.

As of the date of this announcement, the NEEQS Quotation was approved by the NEEQ Co., Ltd. and was successfully completed. It is proposed that Sichuan Ruijian Medical will proceed the Subsequent Listing and submit the application for the Subsequent Listing to the Beijing Stock Exchange. The Subsequent Listing will involve issue of new Offer Shares of Sichuan Ruijian Medical and the Offer Shares will only be issued in the PRC. The completion of the Subsequent Listing is subject to fulfillment of the conditions set out in the paragraph headed “Conditions of the Subsequent Listing” below. It is intended that the number of Offer Shares to be issued under the Subsequent Listing will be (i) no more than 43,000,000 Offer Shares (assuming the Over-Allotment Option is not exercised) (representing approximately 14.0% of the total number of shares of Sichuan Ruijian Medical in issue as of the date of this announcement, and 12.3% of the total number of shares of Sichuan Ruijian Medical as enlarged by the Subsequent Listing); or (ii) no more than 49,450,000 Offer Shares (assuming the Over-Allotment Option is fully exercised) (representing approximately 16.1% of the total number of shares of Sichuan Ruijian Medical in issue as of the date of this announcement, and 13.9% of the total number of shares of Sichuan Ruijian Medical as enlarged by the Subsequent Listing). The actual number of the Offer Shares will be determined at a later stage subject to regulatory approvals by the Beijing Stock Exchange, the CSRC, discussions among the board of Sichuan Ruijian Medical, the lead underwriter of the Subsequent Listing and in particular, subject to market conditions. It is intended that Sichuan Ruijian Medical will remain as a subsidiary of the Company upon completion of the Subsequent Listing subject to the Company and its auditor’s assessment under HKFRS. It is intended that the results of the Sichuan Ruijian Medical Group will continue to be consolidated by the Company.

It is expected that Sichuan Ruijian Medical will submit the application for the Subsequent Listing to the Beijing Stock Exchange by the end of the first quarter of 2025, while the completion date of the Subsequent Listing will be subject to (i) the vetting process of the relevant listing application by Beijing Stock Exchange, CSRC, and (ii) market conditions. The Company will provide further update on the progress of the Subsequent Listing as and when appropriate.

## LISTING RULES IMPLICATIONS

As of the date of this announcement, Sichuan Ruijian Medical is a non-wholly-owned subsidiary of the Company. The Subsequent Listing is expected to involve the issue of new A-shares of Sichuan Ruijian Medical by way of public offer. It is intended that the maximum number of the Offer Shares under the Subsequent Listing will be approximately 13.9% (including the shares to be issued under the exercise of the Over-allotment Option) of the enlarged issued share capital of Sichuan Ruijian Medical after the Subsequent Listing, following which the ownership of the Company in Sichuan Ruijian Medical will be diluted to not less than 41.76%. Accordingly, the Subsequent Listing, if materialized, will constitute a deemed disposal of the Company's shareholding in Sichuan Ruijian Medical under Rule 14.29 of the Listing Rules. As one or more applicable percentage ratios under Rule 14.06 of the Listing Rules in respect of the Subsequent Listing is expected to exceed 25% but be less than 75%. Accordingly, the Subsequent Listing, if consummated, will constitute a major transaction of the Company under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement and Shareholders' approval requirements under Paragraph 3(e)(1) of PN15 and Rule 14.40 of the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Subsequent Listing. The Independent Board Committee formed by all the independent non-executive Directors, namely Mr. Wang Xiaogang, Mr. Chen Geng and Ms. Wang Fengli, has been established to advise the Shareholders as to whether the terms of the Subsequent Listing are fair and reasonable and whether the Subsequent Listing are in the interests of the Company and the Shareholders as a whole, taking into account the recommendation of the Independent Financial Adviser.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders as to whether the terms of the Subsequent Listing are fair and reasonable and whether the Subsequent Listing are in the interests of the Company and the Shareholders as a whole.

A circular containing, among other things, (i) details of the Subsequent Listing; (ii) the letter of recommendation of the Independent Board Committee to the Shareholders in respect of the Subsequent Listing; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Shareholders in respect of the Subsequent Listing; (iv) financial information of the Group; (v) a notice convening the EGM; and (vi) other information as required under the Listing Rules, will be despatched to the Shareholders on or around December 30, 2024.

**Shareholders and potential investors should note that the Subsequent Listing is be subject to, among other things, the prevailing market conditions and approvals of relevant authorities, including the CSRC and the Beijing Stock Exchange. Accordingly, Shareholders and potential investors should be aware that the Company does not guarantee that the Subsequent Listing will proceed, nor the timing thereof. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## THE PROPOSED SPIN-OFF

References are made to the Announcements in relation to the Proposed Spin-off of Sichuan Ruijian Medical. As disclosed in the Announcements, the Company has submitted an application in relation to the Proposed Spin-off to the Stock Exchange for approval pursuant to PN15, and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off under PN15. Further, the Company has also applied for, and the Stock Exchange has granted, a waiver from compliance with the assured entitlement requirement under Paragraph 3(f) of PN15.

As of the date of this announcement, the NEEQS Quotation was approved by the NEEQ Co., Ltd. and was successfully completed. It is proposed that Sichuan Ruijian Medical will proceed the Subsequent Listing and submit the application for the Subsequent Listing to the Beijing Stock Exchange. The Subsequent Listing will involve issue of new Offer Shares of Sichuan Ruijian Medical and the Offer Shares will only be issued in the PRC. The completion of the Subsequent Listing is subject to fulfillment of the conditions set out in the section headed “Conditions of the Subsequent Listing” below. It is intended that the number of Offer Shares to be issued under the Subsequent Listing will be (i) no more than 43,000,000 Offer Shares (assuming the Over-Allotment Option is not exercised) (representing approximately 14.0% of the total number of shares of Sichuan Ruijian Medical in issue as of the date of this announcement, and 12.3% of the total number of shares of Sichuan Ruijian Medical as enlarged by the Subsequent Listing); or (ii) no more than 49,450,000 Offer Shares (assuming the Over-Allotment Option is fully exercised) (representing approximately 16.1% of the total number of shares of Sichuan Ruijian Medical in issue as of the date of this announcement, and 13.9% of the total number of shares of Sichuan Ruijian Medical as enlarged by the Subsequent Listing). The actual number of the Offer Shares will be determined at a later stage subject to regulatory approvals by the Beijing Stock Exchange, the CSRC, discussions among the board of Sichuan Ruijian Medical, the lead underwriter of the Subsequent Listing and in particular, subject to market conditions. It is intended that Sichuan Ruijian Medical will remain as a subsidiary of the Company upon completion of the Subsequent Listing subject to the Company and its auditor’s assessment under HKFRS. It is intended that the results of the Sichuan Ruijian Medical Group will continue to be consolidated by the Company.

It is expected that Sichuan Ruijian Medical will submit the application for the Subsequent Listing to the Beijing Stock Exchange by the end of the first quarter of 2025, while the completion date of the Subsequent Listing will be subject to (i) the vetting process of the relevant listing application by Beijing Stock Exchange, CSRC and other relevant governmental and regulatory authorities, and (ii) market conditions. The Company will provide further update on the progress of the Subsequent Listing as and when appropriate.

## Conditions of the Subsequent Listing

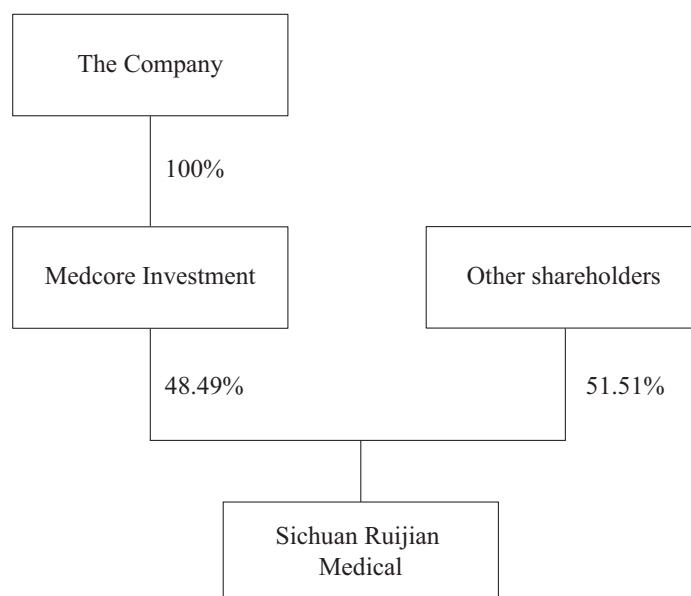
Based on the information currently available to the Board, the completion of the Subsequent Listing will be conditional upon, among other things, the following:

- (1) the approval of the Shareholders of the Subsequent Listing at the EGM;
- (2) the final decisions of the board of directors and shareholder(s) of Sichuan Ruijian Medical; and
- (3) the approvals of the CSRC and the Beijing Stock Exchange.

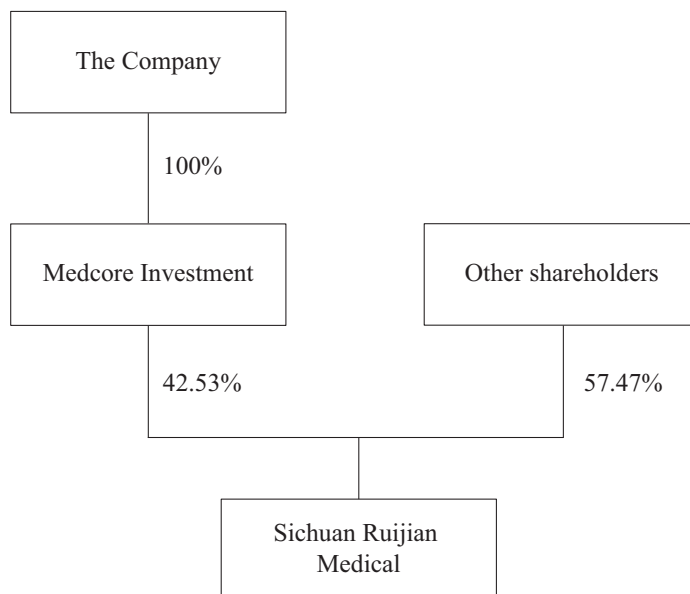
Each of the aforementioned conditions is not waivable, and as of the date of this announcement, the board of directors of Sichuan Ruijian Medical has approved the Subsequent Listing and none of other conditions have been fulfilled. If any of these and other applicable conditions is not fulfilled or waived, if applicable, the Subsequent Listing will not proceed and an announcement will be published by the Company as soon as practicable thereafter.

## Effects of the Subsequent Listing on the shareholding structure of Sichuan Ruijian Medical

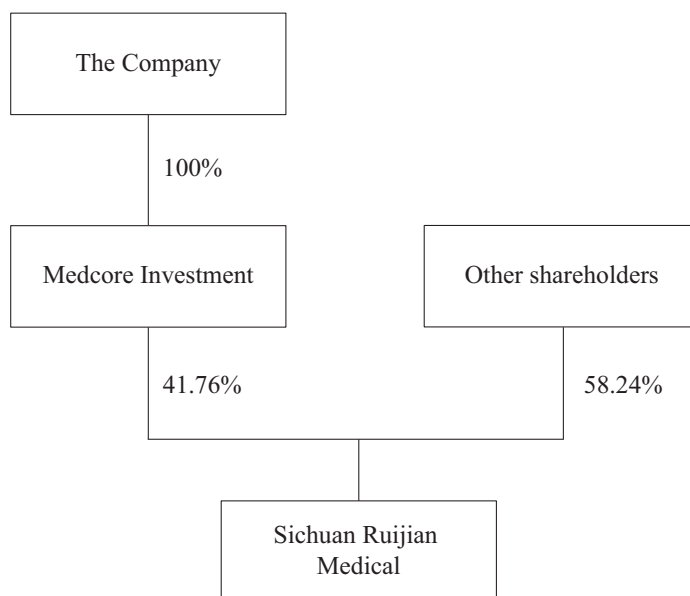
As of the date of this announcement, Sichuan Ruijian Medical had an aggregate of 306,930,370 shares in issue, and was an indirect non-wholly owned subsidiary of the Company. Set out below is a simplified shareholding structure of Sichuan Ruijian Medical as of the date of this announcement:



Set out below is a simplified shareholding structure of Sichuan Ruijian Medical immediately upon completion of the Subsequent Listing (assuming that the Offer Shares to be issued will represent 12.3% of the enlarged share capital of Sichuan Ruijian Medical and the Over-allotment Option is not exercised):



Set out below is a simplified shareholding structure of Sichuan Ruijian Medical immediately upon completion of the Subsequent Listing (assuming that the Offer Shares to be issued will represent 13.9% of the enlarged share capital of Sichuan Ruijian Medical and the Over-allotment Option is fully exercised):



It is intended that Sichuan Ruijian Medical will remain as a subsidiary of the Company upon completion of the Subsequent Listing subject to the Company and its auditor's assessment under HKFRS.

### **Proceeds to be raised from the Subsequent Listing**

As the exact offer price and the expected offering size of the Subsequent Listing are not determined at this stage, the proceeds to be raised from the Subsequent Listing cannot be determined yet. It is currently expected that the gross proceeds to be raised from the Subsequent Listing will be approximately RMB482 million in consideration of Sichuan Ruijian Medical's current expansion plan and the intended use of proceeds. However, investors should be aware that the expected offering size, the indicative P/E ratio and the estimated gross proceeds referred to above are for illustration purposes only and the actual amount raised, if the Subsequent Listing is completed, will depend on the PRC domestic market conditions at the time of the launch of the A-share offering and may vary substantially from the amount estimated above.

The Offer Price will be subject to market conditions close to the launch of the proposed issuance of the Offer Shares and determined (i) by Sichuan Ruijian Medical and the lead underwriter of the Subsequent Listing or (ii) by a book-building process organized by the lead underwriter of the Subsequent Listing and to be agreed by Sichuan Ruijian Medical. In determination of the Offer Price, Sichuan Ruijian Medical shall take in account of, including but not limited to (i) the operating results and performance of Sichuan Ruijian Medical, including the net profit of Sichuan Ruijian Medical in the financial year preceding the launch of the proposed issuance of the Offer Shares; (ii) the net asset value per share of Sichuan Ruijian Medical at the time of the launch; (iii) the expansion plan and the capital need of Sichuan Ruijian Medical; (iv) the then responses to price consultation to the proposed issuance of the Offer Shares in the book-building process; and (v) an appropriate price to earnings ratio to be determined by Sichuan Ruijian Medical and the lead underwriter of the Subsequent Listing, as well as other comparable companies listed in the PRC in the same industry as Sichuan Ruijian Medical. Having considered the above, the Board is of the view that the aforementioned basis of determining the Offer Price of the Subsequent Listing is fair and reasonable.

## **Proposed use of proceeds**

Based on the information currently available to the Board, Sichuan Ruijian Medical expects to use the net proceeds from the Subsequent Listing (after deducting related expenses) in the following manner:

- (i) approximately 60% of the net proceeds for the industrialization project for high-value consumables for blood purification;
- (ii) approximately 21% of the net proceeds for the construction project for blood purification innovation R&D center; and
- (iii) approximately 19% of the net proceeds for the R&D and industrialization project for new blood purification equipment.

## **Lock-up and non-competition undertakings**

As required by the relevant listing rules of the Beijing Stock Exchange, Medcore Investment, a wholly-owned subsidiary of the Company, will undertake that, among others:

- (1) from the date on which the proposal regarding the Subsequent Listing is approved by the shareholders of Sichuan Ruijian Medical at a general meeting, up to the date on which the shares of Sichuan Ruijian Medical are listed on the Beijing Stock Exchange (the “**BSE Listing Date**”) (unless the proposal regarding the Subsequent Listing is terminated earlier), it will not dispose of any shares of Sichuan Ruijian Medical;
- (2) for a period of 12 months commencing from the BSE Listing Date (the “**Lock-up Period**”), it will not dispose of nor entrust other party to manage its shares of Sichuan Ruijian Medical (directly or indirectly). The Lock-up Period will be automatically extended for a further six-month period if, within six months of the BSE Listing Date, the closing price of the shares of Sichuan Ruijian Medical for 20 consecutive trading days are lower than the Offer Price;
- (3) for a period of 24 months after the expiry of the Lock-up Period, Medcore Investment will not transfer its shares of Sichuan Ruijian Medical at a price lower than the Offer Price; and
- (4) it will not directly or indirectly control, invest or engage in any other manner any business or activity which competes or may compete with the business of Sichuan Ruijian Medical; and it will not provide funding, technology, sales channel and customer information support to any entity which competes with Sichuan Ruijian Medical. It will also transfer to Sichuan Ruijian Medical or independent third parties, or terminate the competing business (if any), and will procure business opportunities approaching it of competing business to Sichuan Ruijian Medical. It will also vote against any proposal of directly or indirectly engaging in any business same or similar as the business Sichuan Ruijian Medical intends to engage in.



It is also expected that Medcore Investment will provide other undertakings or documents or agreements required by the relevant listing rules of the Beijing Stock Exchange, or which are customarily provided by an issuer and/or controlling shareholder of an issuer (as may be applicable) in a transaction of similar nature. It is currently expected that these includes undertakings to provide further undertaking to properly exercise its shareholders rights, not to wrongfully interfere the management or impair the corporate interests of Sichuan Ruijian Medical, undertakings on price stabilisation activities, undertakings on the content of prospectus and other listing application documentations, undertakings to cooperate relating to the dividend policy and plan of Sichuan Ruijian Medical and (if any) such other undertakings as may be required by the CSRC, the Beijing Stock Exchange or other relevant authorities in the application and listing process.

## **INFORMATION ON THE COMPANY AND SICHUAN RUIJIAN MEDICAL**

### **The Company**

The Company is an exempted company incorporated under the laws of the Cayman Islands with limited liability on May 13, 2011. The principal business activity of the Company is investment holding. The Group is principally engaged in the R&D, manufacturing and sales of (i) advanced infusion set, intravenous cannula products, insulin needles etc., (ii) blood purification medical devices, and (iii) animal-derived regenerative medical biomaterial and human tissue repair alternative products in the PRC.

### **Sichuan Ruijian Medical Group**

Sichuan Ruijian Medical is a non-wholly owned subsidiary of the Company as of the date of this announcement. Its shares are currently quoted on the NEEQS (NEEQ stock code: 874652). As of the date of this announcement, Sichuan Ruijian Medical had a registered capital of RMB306,930,370, divided into 306,930,370 shares. It is a joint stock company with limited liability established in the PRC on August 6, 2013. Sichuan Ruijian Medical is a medical device company, principally engaged in the R&D, manufacturing and sales of medical device for blood purification. As of the date of this announcement, the shareholding structure of Sichuan Ruijian Medical is set out below:

<b>Shareholders of Sichuan Ruijian Medical</b>	<b>Shareholding Percentage</b>
Medcore Investment <sup>(Note 1)</sup>	48.49%
Lepu Medical	17.11%
Shenzhen Venture Capital Manufacturing Transformation and Upgrading New Materials Fund (Limited Partnership) (深創投製造業轉型升級新材料基金(有限合夥))	10.05%
Shanghai Junwei Investment Management Center (Limited Partnership) (上海鈞衛投資管理中心(有限合夥))	8.74%
Rizhao Chengrui Corporate Management Partnership (Limited Partnership) (日照成睿企業管理合夥企業(有限合夥))	3.25%

Shareholders of Sichuan Ruijian Medical	Shareholding Percentage
Suzhou Industrial Park Xinjianyuan Phase IV Equity Investment Partnership (Limited Partnership) (蘇州工業園區新建元四期股權投資合夥企業(有限合夥))	2.44%
Ningbo Zhengyao Investment Management Center (Limited Partnership) (寧波正堯投資管理中心(有限合夥)) (“ <b>Ningbo Zhengyao</b> ”) <sup>(Note 1)(Note 2)</sup>	2.06%
Huizhi Xiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership) (匯智翔順股權投資基金(青島)合夥企業(有限合夥))	1.65%
Wang Tao (王滔)	1.57%
Hubei Jiuzhou Zhiyi Equity Investment Fund Partnership (Limited Partnership) (湖北九州智醫股權投資基金合夥企業(有限合夥))	1.10%
Huizhi Industrial Investment Kanglan Venture Capital (Huzhou) Partnership (Limited Partnership) (匯智產投康嵐創業投資(湖州)合夥企業(有限合夥))	1.10%
Tianjin Jinyitongda Venture Capital Fund Partnership (Limited Partnership) (天津金意通達創業投資基金合夥企業(有限合夥))	0.73%
Nanjing Bangsheng Yingxin No. 2 Venture Capital Partnership (Limited Partnership) (南京邦盛贏新二號創業投資合夥企業(有限合夥))	0.73%
Shanghai Panjinhua Business Consulting Partnership (Limited Partnership) (上海磐錦華商務諮詢合夥企業(有限合夥))	0.44%
Yu Bin (余彬)	0.25%
Wuhan Junzheng Jiaming Venture Capital Fund Partnership (Limited Partnership) (武漢市君正佳明創業投資基金合夥企業(有限合夥))	0.18%
Suzhou Yuanrui Venture Capital Partnership (Limited Partnership) (蘇州元瑞創業投資合夥企業(有限合夥))	0.12%
<b>Total</b>	<b>100%</b> <sup>(Note 3)</sup>

*Notes:*

1. On December 22, 2023, Medcore Investment and Ningbo Zhengyao entered into an acting-in-concert agreement pursuant to which Medcore Investment and Ningbo Zhengyao agreed to exercise their voting rights unanimously in respect of their respective equity interest in Sichuan Ruijian Medical at all shareholders’ meetings of Sichuan Ruijian Medical. Please refer to the announcement of the Company dated December 22, 2023.
2. Ningbo Zhengyao is the employee shareholding platform for the purpose of the stock incentive plan of Sichuan Ruijian Medical. As Sichuan Ruijian Medical does not constitute a principal subsidiary of the Company under Rule 17.14 of the Listing Rules as of the date of the announcement, the stock incentive plan of Sichuan Ruijian Medical is not subject to Chapter 17 of the Listing Rules.
3. The aggregate percentage may not add up to 100% due to rounding.

Below summarizes selected consolidated financial information of Sichuan Ruijian Medical prepared under the PRC Generally Accepted Accounting Principles for the periods/dates indicated:

	<b>Year ended December 31,</b>		<b>Six months ended</b>
	<b>2022</b>	<b>2023</b>	<b>June 30,</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(audited)	(audited)	(unaudited)
Net profit (before taxation)	119,465	168,875	71,740
Net profit (after taxation)	103,870	146,112	60,673
Revenue	344,891	410,684	205,525
	<b>As of December 31,</b>		<b>As of June 30,</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(audited)	(audited)	(unaudited)
Total assets	602,429	773,909	843,358
Net assets	531,131	715,113	781,123

## **FINANCIAL IMPACT OF THE PROPOSED SPIN-OFF ON THE GROUP**

It is intended that Sichuan Ruijian Medical will remain as a non-wholly owned subsidiary of the Company upon completion of the Subsequent Listing and Sichuan Ruijian Medical's financial results will continue to be consolidated into the accounts of the Group. The following is the expected financial impact of the Subsequent Listing on the Group:

### **Earnings**

The Subsequent Listing will be regarded as a transaction with non-controlling interest, the carrying amount of the non-controlling interest will be adjusted to reflect the proportionate change in the non-controlling interest in Sichuan Ruijian Medical. It is expected that there would be no expected gain or loss on the deemed disposal credited or charged to the Company's consolidated statement of profit or loss as gain or loss upon the completion of the Subsequent Listing. The difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration received will be recorded in equity attributed to the shareholders of the Company. In addition, as the proportion of the Company's shareholding in Sichuan Ruijian Medical will be diluted immediately after the completion of the Subsequent Listing, it is expected that the percentage of the net profit of Sichuan Ruijian Medical to be included in the earnings attributable to the Shareholders of the Company will decrease while the percentage of the net profit of Sichuan Ruijian Medical to be included in the earnings attributable to non-controlling interests of the Company will increase after the completion of the Subsequent Listing.

## **Assets and liabilities**

The Subsequent Listing will increase the number of shares of Sichuan Ruijian Medical and raise funds. The net proceeds of the Subsequent Listing will increase the cash recorded in the consolidated statement of financial position of the Group and increase the total assets of the Group correspondingly. The Subsequent Listing will not affect the liabilities of the Group. However, the Subsequent Listing will raise funds and increase the net asset value of the Group.

## **REASONS FOR AND BENEFITS OF THE SUBSEQUENT LISTING**

The Board believes that the Subsequent Listing is fair and reasonable and in the interests of the Company and its Shareholders as a whole as:

- (a) there is a great potential for blood purification medical device in the PRC market in terms of both market size and growth prospect. The Subsequent Listing is expected to promote the reputation and profile of Sichuan Ruijian Medical in the PRC market and enhance its ability and opportunities to capture and benefit from such market growth, with potential increases in sales and market share. With the reputation and profile being raised, Sichuan Ruijian Medical is expected to have more opportunities to win certain tendering, attract human resources and obtain government subsidies;
- (b) the Subsequent Listing is also expected to allow Sichuan Ruijian Medical Group to create a clearly defined business focus, which would help further reinforce its leading position in the blood purification industry with its own integrated R&D, manufacturing, sales and services;
- (c) the Subsequent Listing will unlock embedded value for the Shareholders and help identify and establish the fair value of the Company's blood purification medical device business, in particular, the fair value represented by Sichuan Ruijian Medical Group's profitability and technology in the area of blood purification medical device;
- (d) the Subsequent Listing will bring Sichuan Ruijian Medical proceeds for its R&D and expansion and enable Sichuan Ruijian Medical to have direct access to the domestic capital market, broaden its financing channels and increase its financing capabilities;
- (e) the Subsequent Listing will provide the market with great clarity on the business and financial position of Sichuan Ruijian Medical and help enhance its own corporate governance; and
- (f) while there will be dilution in the Company's shareholdings in Sichuan Ruijian Medical immediately following the Subsequent Listing, it is intended that Sichuan Ruijian Medical will remain as a subsidiary of the Company after the Subsequent Listing subject to the Company and its auditor's assessment under HKFRS and the financial results of Sichuan Ruijian Medical will continue to be consolidated into the accounts of the Group. The Company believes that the Subsequent Listing will allow the Company and the Shareholders to enjoy the enhanced value of Sichuan Ruijian Medical.

The Company will make further announcement(s) in relation to the Subsequent Listing in accordance with the requirements of the Listing Rules as and when appropriate.

## **WAIVER IN RESPECT OF ASSURED ENTITLEMENT**

Paragraph 3(f) of PN15 requires a listed company carrying out a spin-off to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in the spun-off entity, either by way of a distribution in specie of existing shares in the spun-off entity or by way of preferred application in any offering of existing or new shares in the spun-off entity.

However, as advised by the PRC legal advisers of Sichuan Ruijian Medical in connection with the Proposed Spin-off, under the relevant securities laws and other relevant regulations and rules currently in force in the PRC, other than (a) residents of Hong Kong and Macau Special Administrative Region and Taiwan working and living in the Mainland China; (b) foreigners working in the Mainland China and whose home country's securities regulatory authorities have established regulatory cooperation mechanisms with the CSRC; (c) foreigners who have obtained permanent residency in China; (d) eligible foreign investors who have made strategic investments in listed companies in the PRC; (e) Qualified Foreign Institutional Investors (QFII); (f) RMB Qualified Foreign Institutional Investors (RQFII); (g) foreign natural investors who meet the requirements relevant to the incentive criteria under the Administrative Measures for the Incentive Measures of Listed Companies (only applicable to listed companies to implement the equity incentive for foreign natural employees); and (h) foreign investors holding shares of the company to be listed before the initial public offering, ((a) to (h) are collectively referred to as the **“Qualified Non-PRC Investors”**), non-PRC investors like natural persons of Hong Kong and Macau Special Administrative region and Taiwan, foreign institutions and the institutions founded in Hong Kong and Macau Special Administrative Region and Taiwan are not allowed to open A-shares securities accounts and hence they are not allowed to participate in offline distribution or online subscription of new shares in Sichuan Ruijian Medical in the PRC. Based on the information available from the Company's list of Shareholders as of the date of this announcement, it appears that a large majority of the registered Shareholders do not have the necessary qualifications for investing in A-shares listed companies. Based on the information available to the Company, it will be impractical and/or unduly burdensome for the Company to inquire into every existing Shareholder to ascertain each of their qualifications for the assured entitlements of shares of Sichuan Ruijian Medical. Moreover, for those Shareholders who are not Qualified Non-PRC Investors yet, it is unlikely that all, if any, of them will apply for and will be approved as Qualified Non-PRC Investors under the relevant PRC laws and regulations. In order to comply with the relevant PRC laws and regulations, it is also impossible for the Company to provide assured entitlement of shares of Sichuan Ruijian Medical to those Shareholders who are not Qualified Non-PRC Investors.

Paragraph 3(f) of PN15 also provides that minority Shareholders may by resolution in general meeting resolve to waive the assured entitlement. However, even if the minority Shareholders do not approve the waiver of assured entitlement at a general meeting, the above-mentioned legal restrictions could not be overridden. Compliance with the assured entitlement requirement would not be for the benefit of the Company and the Shareholders if such arrangement cannot be applied to all the Shareholders on an equal basis.

In view of the above legal restrictions in the PRC, if assured entitlement in relation to the Proposed Spin-off is provided, Shareholders who are not Qualified Non-PRC Investors would not be eligible to the assured entitlement while Shareholders who are Qualified Non-PRC Investors would be eligible to the assured entitlement. This means that not all Shareholders will be treated equally which is not in line with the spirit of provision of an assured entitlement under Paragraph 3(f) of PN15.

Having considered that Sichuan Ruijian Medical and the Company would need to comply with the requirements under the laws of the PRC and the benefits expected to accrue to Sichuan Ruijian Medical and the Company as a result of the Proposed Spin-off as illustrated above and given that it is intended that Sichuan Ruijian Medical will remain as a subsidiary of the Company upon completion of the Proposed Spin-off subject to the Company and its auditor's assessment under HKFRS, the Directors are of the view that the Proposed Spin-off and the non-provision of an assured entitlement in relation to the Proposed Spin-off is fair and reasonable, and in the interests of the Company and its Shareholders as a whole. The Board also confirms with the Company that the Proposed Spin-off and a waiver from compliance with the assured entitlement requirement under Paragraph 3(f) of PN15 are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

The Company believes that not providing assured entitlement to its Shareholders for the shares of the Sichuan Ruijian Medical will not prejudice the interests and benefits of its Shareholders since the revenue, profit, assets and debts of the Sichuan Ruijian Medical will continue to be reflected in the consolidated financial statements of the Company, the benefits brought by the Proposed Spin-off of Sichuan Ruijian Medical will still be enjoyed, indirectly, by the Shareholders of the Company.

In view of the above legal and practical impediments for providing assured entitlement to the Company's Shareholders, the Company has applied for, and the Listing Committee has agreed to grant a waiver from strict compliance with the requirements in relation to assured entitlement under PN15.

## **LISTING RULES IMPLICATIONS**

As of the date of this announcement, Sichuan Ruijian Medical is a non-wholly-owned subsidiary of the Company. The Subsequent Listing is expected to involve the issue of new A-shares of Sichuan Ruijian Medical by way of public offer. It is intended that the maximum number of the Offer Shares under the Subsequent Listing will be approximately 13.9% (including the shares to be issued under the exercise of the Over-allotment Option) of the enlarged issued share capital of Sichuan Ruijian Medical after the Subsequent Listing, following which the ownership of the Company in Sichuan Ruijian Medical will be diluted to not less than 41.76%. Accordingly, the Subsequent Listing, if materialized, will constitute a deemed disposal of the Company's shareholding in Sichuan Ruijian Medical under Rule 14.29 of the

Listing Rules. As one or more applicable percentage ratios under Rule 14.06 of the Listing Rules in respect of the Subsequent Listing is expected to exceed 25% but be less than 75%. Accordingly, the Subsequent Listing, if consummated, will constitute a major transaction of the Company under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement and Shareholders' approval requirements under Paragraph 3(e)(1) of PN15 and Rule 14.40 of the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Subsequent Listing. The Independent Board Committee formed by all the independent non-executive Directors, namely Mr. Wang Xiaogang, Mr. Chen Geng and Ms. Wang Fengli, has been established to advise the Shareholders as to whether the terms of the Subsequent Listing are fair and reasonable and whether the Subsequent Listing is in the interests of the Company and the Shareholders as a whole, taking into account the recommendation of the Independent Financial Adviser.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders as to whether the terms of the Subsequent Listing are fair and reasonable and whether the Subsequent Listing is in the interests of the Company and the Shareholders as a whole.

A circular containing, among other things, (i) details of the Subsequent Listing; (ii) the letter of recommendation of the Independent Board Committee to the Shareholders in respect of the Subsequent Listing; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Shareholders in respect of the Subsequent Listing; (iv) financial information of the Group; (v) a notice convening the EGM; and (vi) other information as required under the Listing Rules, will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.pwmedtech.com](http://www.pwmedtech.com)) and despatched (if requested) to the Shareholders on or around December 30, 2024.

**Shareholders and potential investors should note that the Subsequent Listing is subject to, among other things, the prevailing market conditions and approvals of relevant authorities, including the CSRC and the Beijing Stock Exchange. Accordingly, Shareholders and potential investors should be aware that the Company does not guarantee that the Subsequent Listing will materialize, nor the timing thereof. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Announcements”	the announcements of the Company dated May 20, 2024, July 2, 2024 and October 2, 2024 in relation to the Proposed Spin-off
“Board”	board of Directors
“Company”	PW Medtech Group Limited (普华和顺集团公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on May 13, 2011
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company for the purpose of approving, among other things, the Proposed Spin-off
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standard
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board comprising Mr. Wang Xiaogang, Mr. Chen Geng and Ms. Wang Fengli, all of whom are independent non-executive Directors, formed to advise and provide recommendations to the Shareholders on the Subsequent Listing
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Shareholders in respect of the Subsequent Listing
“Lepu Medical”	Lepu Medical Technology (Beijing) Co., Ltd. (乐普(北京)醫療器械股份有限公司), a joint stock company incorporated in the PRC on June 11, 1999 and listed on the Shenzhen Stock Exchange (stock code: 300003)
“Listing Committee”	the listing committee of the Stock Exchange



“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Medcore Investment”	Medcore Investment Limited (美宜科投資有限公司), a limited company incorporated under the laws of Hong Kong on September 9, 2021 and a wholly-owned subsidiary of the Company
“NEEQS”	National Equities Exchange and Quotation System
“Offer Price”	the offer price per each Offer Share
“Offer Share(s)”	the new A-shares to be issued by Sichuan Ruijian Medical under the Subsequent Listing
“Over-allotment Option”	the over-allotment option of a maximum of 15% of the total number of the new A-shares of Sichuan Ruijian Medical issued that may be exercised under the Subsequent Listing
“PN15”	Practice Note 15 of the Listing Rules
“PRC”	People’s Republic of China, which expression for the purpose of this announcement, except where the context requires otherwise, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Spin-off”	the NEEQS Quotation and the Subsequent Listing
“R&D”	research and development
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Sichuan Ruijian Medical”	Sichuan Rekind Medtec., Inc. (also known as Sichuan Ruijian Medical Technology Co. Ltd.) (四川睿健醫療科技股份有限公司), a joint stock limited liability company established in PRC on August 6, 2013, a non-wholly owned subsidiary of the Company
“Sichuan Ruijian Medical Group”	Sichuan Ruijian Medical and its subsidiaries
“Shareholder(s)”	holders of the Shares
“Share(s)”	share(s) of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsequent Listing”	a subsequent listing of Sichuan Ruijian Medical on Beijing Stock Exchange by way of issuance of new A-shares of Sichuan Ruijian Medical subject to the then market conditions and its strategic development needs
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By Order of the Board  
**PW Medtech Group Limited**  
 普华和顺集团公司  
**Yue’e Zhang**  
*Chairman & Chief Executive Officer*

Hong Kong, December 9, 2024

*As of the date of this announcement, the Board comprises one executive director, namely, Ms. Yue’e Zhang; two non-executive directors, namely Mr. Jiang Liwei and Mr. Lin Junshan; and three independent non-executive directors, namely, Mr. Wang Xiaogang, Mr. Chen Geng and Ms. Wang Fengli.*